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Environmental and Public  
Protection Cabinet

Christopher L. Lilly  
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Lowell Clark  
Peaks Mill Water District  
310 Perkins Road  
Frankfort, KY 40601



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Mark David Goss  
Chairman

Teresa J. Hill  
Vice Chairman

Gregory Coker  
Commissioner

February 24, 2006

RE: Case No. 2005-00437

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

A handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell  
Executive Director

BOD/jc  
Enclosure

Lowell Clark  
Peaks Mill Water District  
310 Perkins Road  
Frankfort, KY 40601

Jeffrey Charles Quarles  
15480 Owenton Road  
Frankfort, KY 40601

Nick O. Rowe  
President  
Kentucky-American Water Company  
aka Kentucky American Water  
2300 Richmond Road  
Lexington, KY 40502

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JEFFREY CHARLES QUARLES	)	
	)	
COMPLAINANT	)	
	)	
V.	)	CASE NO. 2005-00437
	)	
PEAKS MILL WATER DISTRICT	)	
	)	
DEFENDANT	)	

O R D E R

On October 25, 2005, Jeffrey Charles Quarles ("Complainant") filed a complaint against Peaks Mill Water District ("Peaks Mill") alleging that Peaks Mill denied him service from a Peaks Mill water line that crosses his driveway. On November 14, 2005, Peaks Mill filed an answer and included a Motion to Dismiss. On January 12, 2006, we entered an Order finding an issue had been raised as to the availability of Kentucky-American Water Company's ("Kentucky-American") facilities in the area to serve the Complainant. Consequently, we made Kentucky-American a party in this case for the purpose of furnishing information to the Commission. We also scheduled an informal conference to discuss the respective water facilities in the area and service options for Complainant. We delayed Peaks Mill's Motion to Dismiss until after the scheduled informal conference.

First, we will discuss the Motion to Dismiss. In support of its motion, Peaks Mill states that it has no obligation to serve outside Franklin County, Kentucky and that

Complainant's property is in Owen County, Kentucky. We find that argument to be without merit since Complainant is already being served by Peaks Mill in Owen County, albeit by a meter set in Franklin County. Also, in Case No. 2003-00127,<sup>1</sup> we ordered Peaks Mill to serve certain customers in Owen County, and to connect to the Kentucky-American system. Conversely, we find that the Commission has no jurisdiction to order a utility to arbitrarily relinquish ownership of its facility to another utility. We find that the Motion to Dismiss should be overruled as to the service issue and sustained as to the transfer of the water line to another utility.

We note that at the informal conference Peaks Mill and Kentucky-American agreed to study the possibility of the transfer of the water line and relocation of the master meter between Peaks Mill and Kentucky-American. Both utilities should continue to study the feasibility of such a transfer and file with the Commission their findings and proposals.

IT IS THEREFORE ORDERED that:

1. Peaks Mill's Motion to Dismiss is overruled as to the service issue and sustained as to the transfer of the water line in Owen County to Kentucky-American.
2. Both utilities shall file a feasibility study and recommendations of such a transfer with the Commission by March 13, 2006.
3. A formal hearing in this matter shall be held on April 5, 2006 at 9:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky, and shall continue until completed.

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<sup>1</sup> Case No. 2003-00127, James Ralph Sandlin vs. Peaks Mill Water District, Order dated October 9, 2003.

4. Pursuant to KRS 278.360, the record of the formal hearing shall be kept by videotape. A stenographic transcript shall not be made unless either party requests a stenographic transcript by motion filed on or before March 22, 2006.

Done at Frankfort, Kentucky, this 24th day of February, 2006.

By the Commission

ATTEST:



Executive Director